

BEFORE THE ARIZONA CORPORATION COMMISSION



0000200878

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MARQUEZ PETERSON

Arizona Corporation Commission

DOCKETED

FEB 10 2020

DOCKETED BY

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DOCKET NO. S-21092A-20-0009

DECISION NO. 77545

In the matter of,

Priority Wealth Advisors, Inc., a California corporation,

Joseph Donti,

Respondents.

ORDER TO CEASE AND DESIST, ORDER OF SUSPENSION, ORDER FOR ADMINISTRATIVE PENALTIES, AND CONSENT TO SAME

Respondents Priority Wealth Advisors, Inc., and Joseph Donti ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 7 and 8 of the Investment Management Act of Arizona, A.R.S. § 44-3101 *et seq.* ("Investment Management Act") with respect to this Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, Respondent Joseph Donti ("Donti") has been a resident of California and Arizona.
2. Priority Wealth Advisors, Inc. ("Priority") is a corporation organized under the laws of the state of California on or around March 6, 2015.
3. Priority has been licensed with the Commission as an investment adviser since August 3, 2017.
4. At all relevant times, Donti was the CEO of Priority.
5. Donti has been licensed with the Commission as an investment adviser representative since August 3, 2017.

1 6. In April and May of 2018, Respondents recommended to four Arizona residents (the
2 “Arizona Investors”) loans to 1 Global Capital, LLC (“1 Global”). The cumulative principal value of
3 those loans made directly to 1 Global among all four Arizona Investors totaled \$250,000.

4 7. In connection with the recommendations, Respondents provided each of the Arizona
5 Investors with a document prepared by 1 Global titled “Memorandum of Indebtedness” (“MOI”).
6 The Arizona Investors each executed the MOI, and made their checks payable directly to 1 Global,
7 which documents Respondents then forwarded to 1 Global on their behalves. 11. Pursuant to the
8 MOI, the Arizona Investors agreed to loan funds to Global “to enable [1 Global] to expand its current
9 business activities.”

10 8. The “business activity” identified by the MOI was “providing innovative funding
11 known as a Merchant Cash Advance Transaction (“MCAT”).”

12 9. According to 1 Global marketing materials provided to the Arizona Investors, the
13 MCATs were an alternative type of collateralized financing for small and medium-sized businesses.

14 10. The MOI stated that the Arizona Investors would receive payments of 3% per annum
15 plus additional payments based on the proceeds from 1 Global’s use of their money to fund MCATs.

16 11. MCATs were funded using proceeds from multiple investors, and investors’ returns
17 were based on the proceeds from the MCATs as to which their investment money was used, according
18 to their respective percentage interests in each MCAT.

19 12. Pursuant to the MOI, 1 Global had sole discretion regarding how the Arizona
20 Investors’ funds were used.

21 13. On July 27, 2018, 1 Global filed a petition for Chapter 11 bankruptcy in the U.S.
22 Bankruptcy Court, Southern District of Florida. The bankruptcy plan was approved on September 20,
23 2019, and there are substantial assets to be distributed as well as ongoing collections of the MCATs
24 to fund distributions.

25 14. In recommending 1 Global to their clients, Respondents did not conduct reasonable
26 due diligence of 1 Global and the MOIs, which would have uncovered the features and risks
27 associated with the MOIs so that Respondents did not adequately disclose the features and risks
28 associated with the MOIs to the Arizona Investors.

15. Respondents have entered into settlement with the Arizona Investors to provide them with restitution thereby resolving any disputes between them arising from the recommendation of the investments in 1 Global.

II.

CONCLUSIONS OF LAW

16. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Investment Management Act.

17. Respondents violated A.R.S. § 44-3201(A)(13).

18. Respondent Joseph Donti's conduct is grounds for suspension.

19. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-3201, as set forth herein.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-3292, that Respondents, and any of Respondents agents, employees, successors and assigns, permanently cease and desist from violating the Investment Management Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED that Respondent Joseph Donti's license with the Commission as an investment adviser representative is suspended for 90 days, effective March 2, 2020.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent Priority Wealth Advisors, Inc. shall, jointly and severally with Donti as his sole and separate obligation, pay an administrative penalty in the amount of \$5,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

For purposes of this Order, a bankruptcy filing by Respondents shall be an act of default. If Respondents do not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the Commission may bring further legal proceedings against Respondents, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

RECUSED

CHAIRMAN BURNS

COMMISSIONER DUNN

COMMISSIONER KENNEDY

COMMISSIONER OLSON

COMMISSIONER MARQUEZ PETERSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 10 day of February 2020.

MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

(CAN)

CONSENT TO ENTRY OF ORDER

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2 1. Respondents admit the jurisdiction of the Commission over the subject matter of this
3 proceeding. Respondents acknowledge that Respondents have been fully advised of Respondents'
4 right to a hearing to present evidence and call witnesses and Respondents knowingly and voluntarily
5 waive any and all rights to a hearing before the Commission and all other rights otherwise available
6 under Article 7 of the Investment Management Act and Title 14 of the Arizona Administrative Code.
7 Respondents acknowledge that this Order to Cease and Desist, Order for Administrative Penalties,
8 and Consent to Same ("Order") constitutes a valid final order of the Commission.

9 2. Respondents knowingly and voluntarily waive any right under Article 8 of the
10 Investment Management Act to judicial review by any court by way of suit, appeal, or extraordinary
11 relief resulting from the entry of this Order.

12 3. Respondents acknowledge and agree that this Order is entered into freely and
13 voluntarily and that no promise was made or coercion used to induce such entry.

14 4. Respondents have been represented by attorneys in this matter, have reviewed this
15 order with their attorneys, Alan Baskin of Baskin Richards PLC, and David Porteous and Colby
16 Kingsbury of Faegre Baker Daniels LLP, and understand all terms it contains. Respondents
17 acknowledge that their attorneys have apprised them of their rights regarding any conflicts of interest
18 arising from dual representation. Respondents acknowledge that they have each given their informed
19 consent to such representation.

20 5. Respondents further agree that they shall not deny or contest the Findings of Fact and
21 Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or
22 (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)"). They
23 further agree that in any such proceedings, the Findings of Fact and Conclusions of Law contained in
24 this Order may be taken as true and correct and that this Order shall collaterally estop them from re-
25 litigating with the Commission or any other state agency, in any forum, the accuracy of the Findings
26 of Fact and Conclusions of Law contained in this Order. In the event any Respondent pursues
27 bankruptcy protection in the future, such Respondent further agrees that in such bankruptcy
28 proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

1 A. The obligations incurred as a result of this Order are a result of the conduct set
2 forth in the Findings of Fact and Conclusions of Law in the Order and are for the violation of
3 Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

4 B. This Order constitutes a judgment, order, consent order, or decree entered in a
5 state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into
6 by the Respondent and his or her spouse pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court
7 order for damages, fine, penalty, citation, restitution payment, disgorgement payment,
8 attorney fee, cost or other payment owed by the Respondent and his or her spouse pursuant to
9 11 U.S.C. § 523 (a)(19)(B)(iii).

10 6. By consenting to the entry of this Order, Respondents agree not to take any action or
11 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
12 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
13 basis.

14 7. While this Order settles this administrative matter between Respondents and the
15 Commission, Respondents understand that this Order does not preclude the Commission from
16 instituting other administrative or civil proceedings based on violations that are not addressed by this
17 Order.

18 8. Respondents understand that this Order does not preclude the Commission from
19 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
20 that may be related to the matters addressed by this Order.

21 9. Respondents understand that this Order does not preclude any other agency or officer
22 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
23 proceedings that may be related to matters addressed by this Order.

24 10. Respondent Priority Wealth Advisors, Inc. represents that it will voluntarily withdraw
25 its license with the Commission as an investment adviser no later than March 2, 2020, and will not
26 apply to the State of Arizona for registration as a securities dealer or salesman or for licensure as an
27 investment adviser for a period of one year.

28 11. Respondent Joseph Donti agrees to a suspension of his license as an investment adviser
representative for a period of 90 calendar days and can only resume his status as an investment adviser

1 representative of an Arizona licensed investment adviser (not including Respondent Priority Wealth)
 2 so long as he is subject to heightened supervision including but not limited to restrictions on the
 3 advisory products he can recommend as those approved by the investment adviser.

4 12. Respondents agree that Respondents will not exercise any control over any entity that
 5 offers or sells securities or provides investment advisory services within or from Arizona until such
 6 time as all penalties under this Order are paid in full.

7 13. Respondents consent to the entry of this Order and agree to be fully bound by its terms
 8 and conditions.

9 14. Respondents acknowledge and understand that if Respondents fail to comply with the
 10 provisions of the order and this consent, the Commission may bring further legal proceedings against
 11 Respondents, including application to the superior court for an order of contempt.

12 15. Respondents understand that default shall render Respondents liable to the
 13 Commission for its costs of collection, including reasonable attorneys' fees and interest at the
 14 maximum legal rate.

15 16. Respondents agree and understand that if Respondents fail to make any payment as
 16 required in the Order, any outstanding balance shall be in default and shall be immediately due and
 17 payable without notice or demand. Respondents agree and understand that acceptance of any partial
 18 or late payment by the Commission is not a waiver of default by the Commission.

19 17. Joseph Donti represents that he is the chief executive officer of Priority Wealth
 20 Advisors, Inc. and has been authorized by name of Priority Wealth Advisors, Inc. to enter into this
 21 Order for and on behalf of it.

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3 Joseph Danti

4 STATE OF CALIFORNIA)

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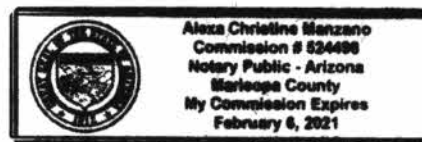
5 County of)

6 SUBSCRIBED AND SWORN TO BEFORE me this 17 day of January.

7 Alexa Christine Manzano
8 NOTARY PUBLIC

9 My commission expires:

10 February 6, 2021



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16 Priority Wealth Advisors, Inc.

17 By

18 Its: Chief Executive Officer

19 STATE OF CALIFORNIA)

) ss

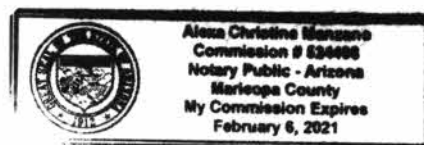
20 County of)

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23 NOTARY PUBLIC

24 My commission expires:

25 February 6, 2021



1 SERVICE LIST FOR: Priority Wealth Advisors, Inc. et al.

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 ROBERT "BOB" BURNS - Chairman
4 BOYD DUNN
5 SANDRA D. KENNEDY
6 JUSTIN OLSON
 LEA MÁRQUEZ PETERSON

In the matter of)	DOCKET NO. S-21092A-20-0009
Priority Wealth Advisors, Inc., a California)	
corporation,)	DECISION NO. <u>77545</u>
Joseph Donti,)	
Respondents.)	CERTIFICATION OF SERVICE OF PROPOSED OPEN MEETING AGENDA ITEM

12 On this 21 day of January, 2020, the foregoing document was filed with Docket Control as
13 a Securities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on
14 behalf of the Securities Division to the following who have not consented to email service. On this
15 date or as soon as possible thereafter, the Commission's eDocket program will automatically email
16 a link to the foregoing to the following who have consented to email service.

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